

Message Text

SECRET

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ACTION SS-25

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S E C R E T CAIRO 1152

EXDIS

E.O. 11652: GDS
TAGS: PINS, EG
SUBJECT: FAHMYON CAIRO RIOTS

SUMMARY: THOUGH INSISTING SITUATION NOW UNDER CONTROL, FAHMY WAS CRITICAL OF GOE'S HANDLING OF RECENT RIOTS. PRIMIN AND KAISOUNY SHOULD HAVE FOLLOWED HIS SUGGESTION TO STAGGER PRICE INCREASES OVER PERIOD OF MONTHS. THEY SHOULD ALSO HAVE TAKEN SOME ADVANCE POLITICAL ACTION TO CONDITION PUBLIC TO PRICE RISES. SALEM SHOULD RESIGN, BUT WILL NOT DO SO. KAISOUNY WILL PROBABLY HAVE TO LEAVE CABINET BEFORE LONG. MININT SAYED FAHMY'S RELUCTANCE TO USE POLICE, AND ESPECIALLY SPECIAL FORCES FOR IOT CONTROL, WAS SHORTSIGHTED. INSTEAD, ARMY HAD TO BE DEPLOYED, BUT BY THAT TIME DAMAGE DONE. SADAT FURIOUS OVER WHAT AAPPENED AND DETERMINED TO TAKE STRONG REDRESSIVE MEASURE, ESPECIALLY AGAINST LEFTISTS AND NASSERISTS. FAHMY STILL HOPEFUL IMF RECOMMENDATIONS MIGHT BE ACCEPTED, BUT WITH STRETCHED OUT IMPLEMENTATION PERIOD. END SUMMARY.

1. HAD FIRST MEETING WITH FAHMY TODAY SINCE MY RETURN FROM US. HE AT ONCE LAUNCHED INTO CRITICISM OF RECENT CAIRO RIOTS. ALTHOUGH SITUATION NOW UNDER CONTROL,
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IT HAD BEEN BADLY HANDLED FROM BEGINNING.

2. FIRST, PRIMIN SALEM AND DEPUTY PRIMIN KAISOUNY HAD BUNGLED ANNOUNCING THE PRICE RISES. DESPITE PUBLIC REACTION, FAHMY INSISTED ONLY THREE ITEMS HAD BEEN RAISED: GASOLINE (BETTER QUALITY BY TWO PIASTRES), CIGARETTES AND BUTAGAS. (FAHMY IS WRONG ON THIS POINT.

OTHER PRICES WERE ALSO RAISED, INCLUDING SOME ON BASIC FOODSTUFFS.) ON FIRST TWO, HE HAD SUGGESTED DURING CABINET MEETING THAT IMPLEMENTATION OF PRICE RISES BE STAGGERED OVER SEVERAL MONTH PERIOD. ON BUTAGAS, HE HAD OBJECTED TO PROPOSED RISE AS SUGGESTED BY MINPET HILAL. SINCE ALL BUTAGAS IS IMPORTED, HILAL WAS ANXIOUS FOR MORE EGYPTIANS AND FOREIGNERS TO REVERT TO LOCALLY PRODUCED KEROSENE. BUTAGAS PRICE RISE HAD NEVER HAD CABINET APPROVAL, ACCORDING TO FAHMY, BUT WAS ANNOUNCED BY KAISOUNY'S ECONOMIC GROUP. MOREOVER, AS HE CLAIMS TO HAVE WARNED PRIMIN, NO ADVANCE POLITICAL ACTION WAS TAKEN TO MAKE THE PUBLIC MORE RECEPTIVE TO PRICE RISES.

3. IF HE WERE SALEM, FAHMY CLAIMED, HE WOULD RESIGN OFFICE. HE SAW NO INDICATION, HOWEVER, THAT SALEM INTENDS TO DO SO. NOR DOES THE PRESIDENT WANT SALEM TO RESIGN, SINCE PRIMIN IS COUNTRY'S ACKNOWLEDGED INTERNAL SECURITY EXPERT. DEPRIMIN KAISOUNY WILL, HOWEVER, PROBABLY HAVE TO LEAVE THE CABINET BEFORE LONG.

4. FAHMY LEVELLED EVEN MORE BITTER CRITICISM AT HIS NAMESAKE, MININTERIOR SAYED FAHMY. LATTER HAD MISJUDGED TEMPER OF THE PEOPLE AND UNDER-ESTIMATED CAPABILITY OF EGYPTIAN LEFTIST GROUPS. SAYED FAHMY HAD ALSO BEEN RELUCTANT USE POLICE IN EARLY STAGES OF RIOTS. IN FACT, ON MININTERIOR'S SPECIFIC INSTRUCTIONS, SOME OF GREEN UNINFORMED SECURITY FORCE HAD BEEN ORDERED TO DON CIVILIAN CLOTHES SO AS NOT TO INCITE RIOTERS.

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(FAHMY FAILED TO MENTION THAT THIS TACTIC WORKED WELL DURING SEPTEMBER 1976 BUS STRIKE.)

ADDITIONALLY, SAYED FAHMY HAD REFUSED TO DEPLY THE SPECIAL SECURITY FORCES (AMM AL-MARKAZI), WHO ARE SPECIALLY TRAINED FOR IOT CONTROL. MININTERIOR'S ARGUMENT WAS DEPLOYMENT OF THESE SPECIAL FORCES WOULD FURTHER INFURIATE THE CROWD. INSTEAD, MININT HAD ASKED THAT THE ARMY BE DELLOYED. PRIMIN, AFTER GETTING SADAT'S APPROVAL, HAD YESTERDAY AFTERNOON GIVEN INSTRUCTIONS TO GAMASY TO DO SO. BY THE TIME THIS HAPPENED, MUCH OF THE DAMAGE HAD BEEN DONE. IT WAS ALL TOTALLY UNNECESSARY, FAHMY ARGUED, IF PRIMIN AND MIN INTERIOR HAD ACTED MORE DECISIVELY FROM THE OUTSET.

5. SADAT, ACCORDING TO FAHMY, IS FURIOUS OVER WHAT HAPPENED. THE PRESIDENT IS VERY AWARE THAT THE RIOTS OF THE PAST TWO DAYS HAVE TARNISHED IMAGE OF POLITICAL

STABILITY WHICH HE HAS SOUGHT TO PROJECT. SADAT IS ALSO AWARE THAT, DESPITE PUBLIC BLAME FOR SALEM, SAYED FAHMY AND OTHERS, MUCH OF THE DISSATISFACTION WAS DIRECTED AGAINST HIM. SADAT IS DETERMINED TO TAKE STRONG REDRESSIVE MEASURES, ESPECIALLY AGAINST LEFTISTS AND NASSERISTS. WE WOULD HEAR ABOUT THEM IN NEXT FEW DAYS. FOLLOWING HIS RETURN FROM ASWAN YESTERDAY AFTERNOON, THE PRESIDENT HAS BEEN FULLY PREOCCUPIED WITH HANDLING INTERNAL SECURITY SITUATION.

6. ON POSITIVE SIDE, FAHMY WAS HOPEFUL IMF RECOMMENDATIONS WOULD STILL BE ACCEPTED, ALTHOUGH IMPLEMENTATION MIGHT HAVE TO BE STRETCHED OUT OVER A PERIOD OF TIME IN ORDER TO CUSHION THE IMPACT ON PRICES.
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Message Attributes

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Sent Date: 20-Jan-1977 12:00:00 am
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Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
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Disposition Case Number: n/a
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To: STATE
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